

## THE BASICS of TIMESHARING and FREQUENTLY ASKED QUESTIONS

Timeshare started decades ago in Europe, vacation ownership started out with the idea of being able to exchange one's vacation accommodations with someone else's. While not everyone could afford that second home at the beach, by owning just a segment of that home, or condo, it now came within most people's reach. Add an exchange organization to be the conduit to trade your beach for someone's mountain and bingo, you've got an industry!

### So what is Timeshare?



Timesharing or, as some call it, vacation ownership describes a method of use and ownership of a specific property. Typically, you are allowed to use the property for a set time each year. After paying an initial investment in the timeshare and the costs to transfer ownership legally, you will then pay a yearly maintenance fee for the property's upkeep. Vacation ownership offers consumers the opportunity to purchase fully furnished vacation accommodations for only a percentage of the cost of full ownership.

Timeshare owners may elect to:

- Use their usage time
- Rent out their owned usage
- Give it as a gift
- Exchange internally within the same resort or resort group
- Exchange externally into thousands of other timeshare resorts

Timeshares make it simple to treat yourself to vacations every year that run the gamut from the extraordinary to the exotic. Soak up the Caribbean sun, immerse yourself in different international cultures, or marvel at the beauty of the French Alps from your timeshare condo balcony!

Any timeshare owner will tell you that vacation property ownership not only makes sound financial sense, but also provides for a far more secure, relaxing, and enjoyable vacation experience.

### How do timeshares work?

The word "timeshare" has grown over the decades to include a wide variety of vacation products and plans. Also known as "vacation ownership" "holiday ownership" and "interval ownership", its umbrella covers traditional deeded timeshare ownership, fractional ownership, private residence clubs, points clubs, and more.

The basic premise of timeshare is simple. You and a group of other people share the purchase cost of a vacation accommodation, in increments of one week (or more) per year of use, thus guaranteeing your ability to use that accommodation during the period of time you choose, either for life or for a specified number of years. Ownership is divided into 52 weekly units, 51 of which are sold with one week retained for annual maintenance. For every unit you buy, you are entitled to stay at the property for one week, enjoying all the privileges and rights of ownership.

Many people enjoy visiting the same place each year, and enjoy feeling "at home" at their "home resort". One advantage to using your timeshare this way is that you don't pay anything but maintenance and taxes, because you're not interested in the exchange.

Then there are many people who buy a timeshare to exchange. What a great way to go on vacation to a different place every year!

### So why Timeshare?

In today's fast-paced society, it is one of the more flexible ways to vacation, providing the best options with the most value. And, the process is simple. With a one-time purchase of a share of furnished resort accommodations, the benefits of timesharing give travelers the comforts of home with luxurious amenities and services at destinations across the globe.



By locking in the purchase price of accommodations, vacation ownership (timesharing) helps to ensure future vacations at today's prices at luxurious resorts with amenities, service and ambiance that rival any of the world's top-rated vacation destinations. ([Vacation Calculator](#)) For a one time purchase price and payment of a yearly maintenance fee, purchasers own their vacation either in perpetuity or for a predetermined number of years.

How does timeshare provide for a better vacation? When you travel with timeshare, there are no surprises. It takes the stress out of planning a vacation while ensuring that every traveler's vacation desires are met. Vacationing with

timeshare provides for better family time because everyone has a place to unwind and activities to participate in.

Whether reserving a favorite vacation spot to return to every year or looking to trade for a new experience, vacationing with timeshare ensures that you'll vacation every year. From romantic to rejuvenating to action-packed, vacation ownership products are about investing in a vacation lifestyle that best suits your needs.

### So why purchase a Timeshare?

The most cited reasons for purchasing by current timeshare owners are the high standards of quality accommodations and service at the resorts at which they own and exchange to, followed by the flexibility offered through the vacation exchange opportunities and the cost effectiveness of vacation ownership. Nearly one-third of vacation owners purchase additional intervals after experiencing ownership. This trend is even stronger among long-time owners; almost 50 percent of those who have owned eight years or longer have purchased additional intervals within that time.

### Benefits of Ownership

Owning a timeshare offers families, groups and individuals some of the most flexible and enjoyable vacation alternatives.

**Flexibility** -- Once you own a timeshare, the vacation choices are almost limitless. Vacation ownership, in most cases, allows you the flexibility to choose different locations, destinations and even different times of the year in which to spend your vacation.



**Affordability** -- The longer you own a timeshare, the more affordable vacationing becomes, especially when you compare it to the annual, ever-increasing expense of renting multiple hotel rooms for family members, and paying for pricey meals outside your room. With a timeshare, which contains a kitchen or kitchenette, families and groups can enjoy affordable meals in the comfort of their own unit, allowing for more family time and less hassle. This means more time for making lasting memories.



**Variety** -- Accommodations in most timeshare resorts offer everything from studio units to two and three-bedroom villas, providing flexible vacationing in a variety of locales around the country and the world. Want to stay at the beach one year and somewhere in the mountains the next? Timeshare properties offer a staggering variety of vacation choices and options.

**Exchange** -- As a timeshare owner, you have the opportunity in most cases to visit your “home” resort each year, or exchange your stay to visit other resorts, destinations, spas (and even cruises or specialty tours) throughout the world— choices that suit many different lifestyles. Choosing a new vacation every year or returning to the same resort ... you control where, when, and how you enjoy your vacation.

**Comfort** -- When you own a timeshare, you are purchasing a home from home—with accommodations that usually include:

- Spacious floor plans and home-like amenities
- Flexibility in space, for small groups and large ones alike
- Fully equipped kitchens and dining areas
- Washer and dryer, televisions, Stereo and DVD players etc
- In addition to in-room amenities, timeshare resorts often include swimming pools and tennis courts, as well as spas and fitness facilities; golf, boating, skiing, water sports and planned children’s activities.



away

### What fees are involved in buying a timeshare?

The initial purchase price of the timeshare, closing costs and sometimes a membership transfer fee, annual maintenance fee and an optional membership fee with the exchange company. If you want to belong to one of the major exchange companies, RCI or II, there's an annual membership fee (about \$85) and a fee if you want them to make an exchange for you (about \$139). Note: Purchasing a multi-year membership buys down your yearly cost considerably.

### What are maintenance fees?

Maintenance fees are the cost of operating the resort. They cover things such as: maintenance of the grounds and common areas, interior upkeep such as maid service, replacing broken items, utilities including sanitation, electric, telephone, insurance for damage or liability, furnishings and appliances every few years, and a reserve fund set up to cover the time when it's time for a new roof, or fixing that swimming pool etc. They also include management and employee salaries. All of these things are necessary to ensure your investment stays up to the quality and condition in which you purchased your property.



Some people say that this is one disadvantage of owning a timeshare. These are the same costs that are associated with a rental of a hotel, condo or home. These maintenance fees are all built into the rent. The proper way to think of the of maintenance fees is the same way you spend to maintain your own home. Its money well spent that will come back to you. Maintenance fees will generally run from \$500 to \$950 once a year, depending on

the quality of the resort you own and the amenities there are to enjoy and maintain.

## What is a transfer fee?

A transfer fee is a one time cost that resorts charge to transfer ownership from one party to another upon the purchase of the property. This fee is determined by the management of the resort and will vary from resort to resort.

## What's the Resort Season?

A timeshare week during a high demand season will have more value than would a week for the same accommodations during an off-season. This value affects both the price of the unit and the quality and types of exchanges you can make with the timeshare unit. The demand for many resorts varies seasonally. For example, beach locations are popular in the summer as well as winter time in warm geographical areas where people living in colder climates want to vacation at the beach, whereas ski resorts are most popular during ski seasons.

Accordingly, Resort Condominiums International (RCI) and Interval International (II), the two largest exchange companies, both divide weeks into three seasons, designated by color.

### For RCI, the designations are:

- \* Red: High demand season
- \* White: Medium demand season
- \* Blue: Low demand season

### For II, the designations are:

- \* Red: High demand season
- \* Yellow: Medium season
- \* Green: Low demand season



## What is a bonus week and how can I get one?

The simple answer is that a bonus week is an "extra" week in addition to the one you own. It's given or sold as an incentive to timeshare owners for a specific reason.

A Developer Bonus Week (DBW) is available to members who own at participating resort. These bonus weeks are issued directly from the resort. They are sometimes issued as a signing bonus upon the purchase of a timeshare interval. Owners can sometimes purchase them from the resort as unsold developer owned weeks.

A second type of bonus week is one issued by an exchange company. Owners of high demand resort weeks receive them as incentives to deposit their timeshare week.

Bonus weeks are sometimes referred to as "Getaway" weeks, "Vacation Escape" weeks, (or weekends) and "Last Call" weeks. They are available to members of RCI and II exchange companies. The exchange company makes bonus weeks available for purchase by members for a nominal fee. Purchased bonus weeks are considered "excess inventory" likely to go unused. Excess inventory is determined by the historical number of properties that are requested during that same timeframe from year to year.

Bonus weeks usually come with expiration dates and may have other use restrictions relating to location, season and holidays.

### What are resort rating systems?

The timeshare resorts have been rated (recognition award) by their exchange company(s). The two major exchange companies are Resort Condominium International (RCI) and Interval International (II). Such ratings, whether it's the Interval International Premier or the RCI Gold Crown Resort designation can mean a lot to your resort's management and to you the timeshare owners.

Typically exchanges involve swapping accommodations from your home resort for accommodations of similar quality resorts worldwide. Owning at a resort with a Premier rating 🏆 (II) or Gold Crown 🏆 (RCI) opens the doors for you to exchange into other award-winning resorts.

RCI has specific criteria a resort must meet for the Gold Crown Resort designation and two lesser levels of recognition. RCI provides the Silver Crown 🏆 resort designation for resorts that can't quite meet the Gold Crown requirements, RCI Hospitality rating 🏆 is for the resorts that don't qualify for Silver Crown but meet minimum standards. RCI uses comment cards from its members as they will evaluate resorts in areas such as check-in/check-out, the resorts hospitality, resort maintenance, unit maintenance and unit housekeeping. RCI Gold Crown resorts must satisfy specific requirements for guest services, unit amenities/Interiors, and resort amenities and maintenance. Silver crown and RCI Hospitality are based solely on member comment card evaluations; the resort facilities criteria don't apply.

Interval International rates its resorts based on research, resort inspections, and member Vacation Evaluation forms, the program is valuable vacation planning tool. It helps manage owners' expectations when choosing a resort to purchase or exchange to.



Interval International Premier Resorts 🏆, debuting as the highest level of recognition, provide an outstanding vacation experience, with state-of-the-art conveniences, and modern features and appointments. They are identified by the laurel, a symbol of distinction, high standards and status.

Interval International Select Resorts 🍍 provide a great vacation experience, and are distinguished by a comfortable and home-like atmosphere. These resorts are identified by the pineapple, a centuries-old symbol of hospitality, welcome, friendliness, and warmth.

Interval International Premier Boutique Resorts 🏆 were established to recognize such properties that are a smaller establishment, with fewer accommodations and amenities but conveying top-level appointments and an enviable location.

### What is the difference between buying a resale timeshare and buying a "new" developer timeshare week?

The price you pay the developer for your timeshare includes all of the marketing and advertising costs to sell the property. The developer pricing also includes paying for all the give-a-ways distributed to all the tour participants. Buying resale generally saves you 40 - 75% or more off of developer pricing.

### How do I know how to buy smart?

If you follow the suggestions below, you will make an educated and quality decision about your new toy that your family will have great vacations with for generations to come.

**BE REPRESENTED BY A LICENSED REAL ESTATE BROKER** Unfortunately there are a lot of scam artist in this industry and there are so many things to make certain that your timeshare purchase is what you think it is. A real estate broker will ensure the representations that are made by the sellers are actually the truth. There are so many problems and hurdles that arise during a purchase and transfer that you want to make sure you are protected by a licensed agency who does this for a living. Be sure all funds are held in an Escrow Account until closing.

**UNDERSTAND THE VARIOUS RESORT RATINGS** If you want a property that meets your lifestyle then know how and what the resort you are purchasing is rated.

**BUY IN A HIGH DEMAND AREA** Bar none, this is the single most important factor in determining your resorts trade power, the old saying **location, location, location!** Past requests by timeshare owners is the key factor built into the exchange company's determination of what you will be offered in exchange for your week.

Examples of high demand areas are Hawaii, the Caribbean, Orlando during school vacation times, Hilton Head Island and Myrtle Beach in the summer, Cancun and Cabo San Lucas, ski areas in the winter, Palm Springs Winter, and Florida Coastal properties. In summary, any area that is going to be requested by a great number of people in a specific geographical area during specific times. National and international requests for these same areas and times put the power through the roof.

**BUY PRIME SEASON (Red)** If you purchase in the red season, you will not be restricted as to when or where you will be able to exchange to. Exchanging without any limitations!

**MAKE SURE THERE ARE REASONABLE MAINTENANCE FEES**

Don't buy a property because they have really low fees! If things aren't being maintained properly by a resort because of these low fees you are looking at a good possibility of special assessments in the near future to cure the neglect of the past. On the other hand, don't buy in a resort with an extra high maintenance fees unless the resort has many amenities and the resort is a highly rated resort.

**BUY AS INEXPENSIVELY AS POSSIBLE** Your goal is to keep as much money in your pocket as possible! If you are able to buy a distress, trade-in or pre-foreclosed property that meets the criteria above, do it! If it is located in a hotly-demanded area and you buy inexpensively, it will serve well to trade you into the finest resorts. You may not even like the timeshare, but who cares! If you save thousands of dollars by buying it, you can trade for many decades before the exchange fees would equal what you saved by buying right in the first place!

**Fixed week .vs. floating week ownership, what are they and which is better?**

Each condominium, or unit, of a vacation ownership resort is divided into weeks, which are sold separately. The weeks are priced according to a variety of factors, including size of the unit, the resort amenities, the geographical location and season.

Fixed week ownership means that you have the right to occupy (or have available for trade



or rent) a specific week and unit number at the resort you own every year.

Advantages of owning a fixed week: You are guaranteed the week and unit you want every year This is especially applicable to colder climate home owners who want to vacation where it is warm in winter or the skier who wants to be at a particular resort during a specific time period each year.



Floating (sometimes referred to as flex) ownership means that even though you may be deeded a specific week and unit number all the members have decided to throw their ownership weeks into a pool and pull out what they would like to use for that particular year. With floating weeks, you have no use claim on that week or unit. Instead you have the opportunity to request a week within a specified range of weeks during the year. The range of weeks available for flex use is set by the resort and is the same range of weeks from year to year.

Resorts that have float weeks or internal exchange programs may have their own seasonal designations; these are often identified by such terms as “prime”, “platinum”, “high”, “swing” or “quiet” etc... etc... These internal season or date designations often differ from RCI’s and II’s seasonal

designations for the same resort. The designations of seasons vary with each resort. Also some resorts in highly popular locations might not have any low demand period, and in some locales (such as Hawaii and central Florida) the entire year is considered a high demand period. You should also be aware that even within these seasons, some weeks are in higher demand than others. For example, July and August weeks in Orlando are normally in higher demand than are October weeks, even though all of the weeks are considered high demand weeks. This means some red weeks are “Brighter Red” than other red weeks.

Advantages of owning a floating week: For those who are concerned about unforeseen work or schedule conflicts associated with a fixed week, floating time allows for additional flexibility and planning options.

### **What is a lock-off unit?**

A lock off unit allows you unit to be used for two weeks of vacationing. You may use one week at the resort and exchange one week someplace else. It can be used for two weeks of vacationing at your own resort in back to back weeks or one week now and one in the future. You may use one week and rent out one week. The lock off can trade for two weeks for each unit you own if you break it up and deposit into the exchange company as a lock-off and get two confirmations for your deposit.

### **What are the different types of programs?**

There are three basic types of Timeshare Programs: Fee simple, Leasehold Right-to-Use (‘RTU’). Also included in the mix are Points systems, which are essentially a type of RTU, and fractional/private residence clubs.

**Fee Simple:** In this system you purchase an actual deeded interest in real estate, which is recorded with the land court or other proper authorities and for which you receive a title in perpetuity.

**Leasehold:** This ownership option provides the same basic ownership rights, protections, obligations and interests, etc. as the Fee Simple system with the primary exception being that Leasehold, unlike Fee Simple, is not in perpetuity and has a specified expiration date (which may include a first right to renew the ownership interest prior to the expiration of the leasehold). This type of ownership has been common in Hawaii for many years, though it is becoming less common as resort companies purchase full ownership rights to the land underlying the resorts.

**Right-to-Use ('RTU'):** In this system you purchase the right to use a particular unit or unit size each year, but you do not have an ownership interest in the real estate. Traditionally, your right to use that property will expire after a stated number of years (usually 20-30), and the property will revert to the developer or the owner of the leasehold property. Legal ownership is typically vested in a trust company. This is the prevailing type of timeshare ownership in the UK and Mexico and many other countries outside of the USA, where it is illegal to sell timeshare as a deeded entity.

**Within those types of timeshare, there are a few sub-types:**

**Fixed week:** Where you own rights to a specific week, often in a specific condo/villa (this is called fixed week/fixed unit). This is your "home resort", which you can either return to every year (same week every year) or trade through an exchange system for something similar in another part of the world, though not necessarily in the same week that you own. The advantage to fixed week/fixed unit ownership is the assurance that your specific timeshare unit will be waiting for you faithfully at the same time each year.

- An example of fixed unit/fixed week would be that you purchase Christmas week in Unit 152B— every year you automatically have *that week in that unit* assigned to you.
- An example of a fixed week that is *not* in a fixed unit would be that every year during Christmas week you get the size of unit you purchased (i.e. a 2-bedroom ocean view), but not necessarily Unit 152B.

**Floating (or Flex) time:** Instead of owning a specific week, you own a week (or a time period which may be longer than a week) within a specific range of time. Usually you will not purchase a specific unit (i.e. Unit 152B) but instead will purchase a unit size (i.e. a 2-bdrm 2-bath). It is then your responsibility to contact your resort each year to book the week you want to use. This works on a first-come-first-served basis, subject to availability, so the most desirable weeks are taken up quickly and it behooves you to make your plans as early as your resort allows. Also, if you intend to exchange your week through one of the exchange companies, you must first reserve your time at your resort before the exchange companies will accept it for deposit in the "exchange bank".



- An example of floating time would be that you choose a 2-bedroom villa (not necessarily a specific unit) that is available to you any time between, say, June 1 and September 1.

**Points/Club Membership:** Under a traditional points system, each unit/week of time is appointed a specific number of points based on its location, size, desirability, time of year, etc. These points are then "spent" like money to reserve a unit for your next vacation. Owners can use, for instance, 3 days here and 4 days over there rather than spending an entire week at the same resort. The number of points you own determines what, where and when you can go.

Originally points were tied to a deed (and most still are), with the underlying deeds being held in common either by the resort developer or by the timeshare owners themselves, collectively. This meant that only a set number of points could be sold, corresponding to the number of units in a timeshare development.

When buying into that kind of points system, a buyer should make sure they know what they are getting. Developers often maintain sales rooms at sold-out resorts, selling the entire resort system to potential owners. You may think you are getting a deeded interest at a specific resort, which is what you want, only to find out later that your deeded interest is for another resort in the system entirely. Most of the time this really should make no difference, but occasionally it can be a problem for the owner.

- An example of a traditional points program would be that you choose a 2-bedroom ocean view unit during Christmas week in a popular location. That property and time period is then converted to a predetermined number of points, which you can use to purchase vacation time during any time of year, at any of the company's resorts, in any available unit (subject to availability).

More recently some developers have moved to a **"pure" points** system, wherein the number of points available is not tied to a deed. This is more like a vacation club membership\*, with the developer maintaining ownership control of all the properties/weeks/units, etc. and people purchasing a "membership" that gives them a certain number of points to use at any of the company's resorts where "time" is available. This provides greater flexibility, but one of the downsides is that the developer can add or remove resort properties from the system at his/her whim without member input or recourse, provided the total number of points available to members still corresponds to the total number of units available.

Pure points systems also often include the opportunity to use points to purchase airline tickets, hotel rooms and other travel-related items.

\*Note that this type of "vacation clubs" do not always own their own inventory but use travel agencies and the Internet to book vacations for their members, with promised discounts being largely illusory and the ability to book the vacation of your choice problematical. Always check when you are approached to become a member of a travel club to make sure the company actually owns/leases its own resorts/inventory.

### **Fractional/Private Residence/Destination Clubs:**

**Fractional ownership** offers individuals the opportunity to buy partial ownership of an upscale place in a resort area. If it sounds a lot like a timeshare, that's because it is. The main difference is in the number of weeks sold and the quality of the property.

The arrangements for basic fractional's usually divide the ownership into fourths, eighths, or 13ths, with each owner having an equal number of days a year to use the unit. The owners typically buy their shares from a management company, which handles maintenance and schedules everyone's time.

One of the biggest differences between regular timeshares and fractional ownership properties are prices, financing and fees. While timeshares can be had for a few thousand dollars, fractional ownerships routinely run \$100,000 or much more per fraction purchased, with maintenance fees to match. Fractional properties also are typically (but not always) much more luxurious than ordinary timeshares, with amenities to match.

The lines differentiating Residence Clubs and Destination Clubs, meanwhile, have become increasingly blurred, with the designations often used almost interchangeably.



A **Private Residence Club** takes fractional's one step further. These are usually ultra-luxury properties which offer a wide array of special services to club owners, well above and beyond what is typically offered by high-end condominium resorts. This concept establishes exclusivity and a sense of belonging, similar to the country club lifestyle. Depending on the individual property, services typically might include having a luxury car at your disposal while visiting a staff to stock your kitchen with groceries, run errands and do the housekeeping your own private splash pool and hot tub, preferred tee times, a butler and/or personal concierge, private chefs, nannies, fly-fishing guides, etc. Owners of PRCs own a deeded fractional interest in a specific resort, though some offer exchange opportunities among other locations either within their group or with affiliated resorts.



**Destination Clubs** operate much like Residence Clubs, with the exception that most of them (but not all) provide memberships that do not include equity ownership. With a few exceptions, members do not actually own any interest in real estate, nor is their membership vested in a specific property. Destination Clubs typically own or lease a portfolio of luxury homes in a variety of exclusive locations and all members of the Club have access to all those properties, subject, of course, to availability. This provides a great deal of flexibility for vacationers, depending on the number of destinations provided.

### **No Hard Sell Presentations!**

At Interval Real Estate we don't use hard sell tactics, sales presentations or gimmicks and we don't give away TV's or fancy dinners. We don't have to! Our timeshare prices save you thousands. You simply browse our listings from the comfort of your home. There's no pressure to purchase. In fact, we encourage you to study and research the properties. By providing you with all the information we hope you are better able to choose the best fit and make an informed decision!

Now, I am certain a number of questions have arisen. Please jot them down and call me toll free at 855-400-2204 and we can discuss your questions and design a vacation ownership package that's right for you and your family.

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